

This Agreement made and entered into May 12, 1982,
by and between Universal City Studios, Inc., a Delaware
corporation (hereinafter "Universal") and Coleco Industries,
Inc., a Connecticut corporation (hereinafter "Coleco").

W I T N E S S E T H:



The parties hereto are contracting with reference to
the following facts:

Coleco is manufacturing, marketing, selling and distri-
buting in the United States and all countries of the world
except Japan, pursuant to license agreements from Nintendo
Company, Ltd. and Nintendo of America, Inc., a self-contained
tabletop electronic game and a home video game in various
forms (e.g., cassette, cartridge) identified and known as
"Donkey Kong" (hereafter the "Article" or "Articles").

Universal claims that Coleco's manufacturing, marketing,
sale and distribution of the Articles violates and infringes
upon the property and trademark rights of Universal in and
to the name, title, character and story "King Kong" and "Kong".

NOW, THEREFORE, in consideration of the mutual agreements
herein contained, it is hereby agreed as follows:

1. Universal covenants and agrees for the benefit of Coleco,
its licensees, distributors and customers that Universal shall not
assert any claim or institute any action against Coleco, or its

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licensees, distributors and customers, based upon the claim that the manufacturing, marketing, sale or distribution of the Articles in the licensed territories by Coleco, or its licensees, violates or infringes upon the property or trademark rights of Universal in or to the name, title, character or story "King Kong" or "Kong".

2. Coleco agrees to pay to Universal a royalty of 3% of gross wholesale sales of the Articles as long as Coleco, or its licensees, is engaged in their sale or distribution. All sales are to be calculated on the wholesale price of each Article with no deductions of any sort except quantity discounts and returns, but not returns for credit. Without limiting the generality of the foregoing, there shall be no allowance for trade discounts, freight charges, advertising or free samples.

3. Universal agrees to use its best efforts to reach a settlement with Coleco's licensors, Nintendo Company, Ltd. and Nintendo of America, Inc. ("Nintendo") with respect to the claims asserted by Universal against Nintendo in connection with Donkey Kong. If a settlement is reached or a judgment is obtained by Universal, Coleco shall be entitled to a credit from Universal against the payments Coleco agrees to make to Universal hereunder of any sums received by Universal from Nintendo greater than a royalty of 2% of gross wholesale sales attributable to the Articles or the equivalent thereof if payments are made by Nintendo on other than a royalty basis.

4. Coleco shall deliver to Universal royalty reports quarterly, together with payment of the royalty herein provided for, within 30 days after the close of each calendar quarter. Universal's acceptance of such royalty payments shall not preclude Universal from contesting the accuracy of any such royalty report. If any royalty payment is not made when due, interest shall accrue thereon from the due date at the then current prime interest rate.

5. Universal shall have the right to inspect and audit Coleco's books of account and records for the purpose of verifying the accuracy of any royalty report rendered to Universal hereunder. All books of account and records and supporting documents shall be maintained by Coleco for three years after the rendition of the royalty report to which such books of account and records refer.

6. Universal will indemnify and hold Coleco, its licensees, distributors and customers harmless from any loss, damage or expense arising out of any claim or suit alleging that the manufacture, marketing, sale or distribution of the Articles violates or infringes upon the property, trademark or any other rights of any person, firm or corporation in or to the name, title, character and story King Kong and Kong. Provided, however, that the total liability of Universal hereunder shall be limited to the amount of royalty fees paid and/or payable by Coleco hereunder.

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7. All royalty reports, payments and any notices to Universal hereunder shall be mailed to:

Universal City Studios, Inc.

Attention: Robert D. Hadl

100 Universal City Plaza

Universal City, California 91608

Any notice to Coleco hereunder shall be mailed to:

Coleco Industries, Inc.

Attention: Michael S. Schwefel

945 Asylum Avenue

Hartford, Connecticut 06105

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

UNIVERSAL CITY STUDIOS, INC.

BY:

Robert D. Hadl
Vice President

COLECO INDUSTRIES, INC.

BY:

Michael S. Schwefel
Sr. V.P.

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Executive Offices

FEDERAL EXPRESS

May 17, 1982

Michael S. Schwefel, Esq.
COLECO INDUSTRIES, INC.
945 Asylum Avenue
Hartford, Connecticut 06105

Re: DONKEY KONG

Dear Mike:

Pursuant to your letter of May 14th, enclosed please find two copies of the Agreement executed by me.

In reviewing the Agreement, we have accepted the changes you made in Paragraph 3, although there is one aspect of the changes that does not appear to be completely free from ambiguity. Accordingly, I would like to restate our view, which is that if Universal reaches a settlement with Nintendo regarding claims asserted by Universal against Nintendo in connection with DONKEY KONG, the credit on the royalty payable by Coleco would apply only to that part of the settlement with Nintendo which relates to the rights specifically licensed by Nintendo to Coleco. I trust this clarification is acceptable to you as it expresses our intention.

Thank you for your help and cooperation.

Sincerely,



ROBERT D. HADL

RDH/mft
Encs.

bcc: S.Adler
J.DiMuro
S.Kroft (RM&S)

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